



Tuscaloosa Research & Education Advancement Corporation

VA Medical Center
3701 Loop Road East (151C)
Tuscaloosa, AL 35404

TREAC Policy

Conflict of Interest

I. Application of Policy

This policy is intended to supplement, but not replace, federal and state laws governing conflicts of interest applicable to VA-affiliated nonprofit research and education corporations (NPCs). These include federal conflict of interest regulations invoked in section 7366(c)(1) of Title 38 of the NPC authorizing statute.

This policy applies to board members and staff with significant decision-making authority. Persons covered under this policy, as well as their relatives and associates, are hereinafter referred to as "interested parties."

II. Conflict of Interest

A conflict of interest may exist when the interests or concerns of an interested party may be seen as competing with the interests or concerns of *NPC*. There are a variety of situations that raise conflict of interest concerns including, but not limited to, the following:

A. Financial Interests - A conflict may exist where an interested party directly or indirectly benefits or profits as a result of a decision, policy or transaction made by *NPC*. Examples include situations where:

- *NPC* contracts to purchase or lease goods, services, or properties from an interested party.
- *NPC* offers employment or compensation to an interested party or an entity with which the interested party has a direct or indirect financial interest, other than a person who is already employed by *NPC*.
- An interested party is provided with a gift, gratuity, or favor of a substantial nature from a person or entity that does business or seeks to do business with *NPC*.
- An interested party is gratuitously provided use of the facilities, property, or services of *NPC*.
- *NPC* adopts a policy that financially benefits an interested party.

A financial interest is not necessarily a conflict of interest. A financial conflict of interest exists only when the board decides a person with a financial interest has a conflict of interest.

B. Other Interests - A conflict also may exist where an interested party obtains a non-financial benefit or advantage that he/she would not have obtained absent his/her relationship with *NPC*. Examples include where:

- An interested party seeks to obtain preferential treatment by *NPC* or recognition for himself/herself or another interested party.
- An interested party seeks to make use of confidential information obtained from *NPC* for his/her own benefit (not necessarily financial) or for the benefit of another interested party.
- An interested party seeks to take advantage of an opportunity or enables another interested person or other organization to take advantage of an opportunity that he/she has reason to believe would be of interest to *NPC*.
- *NPC* adopts a policy that provides a significant nonfinancial benefit to an interested party.

Again, a conflict of interest exists only when the Board of Directors decides there is a conflict.

III. Disclosure of Potential Conflicts of Interest

An interested party is under a continuing obligation to disclose any potential conflict of interest as soon as it is known or reasonably should be known.

Within 90 days of his/her association with *NPC*, an interested party shall receive Conflict of Interest Policy Training; complete and submit the Disclosure Questionnaire attached as Appendix A, to fully and completely disclose the material facts about any potential conflicts of interest; and complete and submit the disclosure statement and Affirmation of Compliance (Appendix B) . The Conflict of Interest Policy, Disclosure Questionnaire and Statement shall be reviewed annually thereafter. An additional disclosure statement shall be filed whenever a potential conflict arises.

Disclosure statements will be submitted as follows. For board members, the disclosure statements shall be provided to the Chair of the board. The Chair's disclosure statement shall be provided to the Secretary of the board or its equivalent. Copies also shall be provided to the Executive Director of *NPC*.

In the case of staff with significant decision-making authority, the disclosure statements shall be provided to the Executive Director of *NPC*. In the case of the Executive Director, the disclosure statement shall be provided to the Chair of the Board. In all cases, the recipient is the designated reviewing official responsible for bringing potential conflicts to the attention of the appropriate authorities. The Secretary of the Board of Directors shall file copies of all disclosure statements with the official corporate records of *NPC*.

IV. Procedures for Review of Potential Conflicts

Whenever there is reason to believe that a potential conflict of interest exists between *NPC* and a Board member, the Executive Director or other interested party, the Board of Directors shall determine the appropriate response. This shall include but not necessarily be limited to invoking the procedures described below with respect to a specific proposed action, policy or transaction. The designated reviewing official has a

responsibility to bring a potential conflict of interest to the attention of the board promptly for action at the next regular meeting of the board or during a special meeting called specifically to review the potential conflict of interest.

Where the potential conflict involves an employee of *NPC* other than the Executive Director, the Executive Director shall be responsible for reviewing the matter and may take appropriate action as necessary to protect the interests of *NPC*. The Executive Director shall report to the Chair the results of any review and the action taken. The Chair shall determine whether any further board review or action is required.

V. Procedures for Addressing Conflicts of Interest

Where a potential conflict exists between the interests of *NPC* and an interested party with respect to a specific proposed action, policy or transaction, the Board of Directors shall consider the matter during a meeting of the board. *NPC* shall refrain from acting until such time as the proposed action, policy or transaction has been approved by the disinterested members of the Board of Directors of *NPC*. The following procedures shall apply:

- An interested party who has a potential conflict of interest with respect to a proposed action, policy or transaction of the corporation shall not participate in any way in, or be present during, the deliberations and decision-making vote of *NPC* with respect to such action, policy or transaction. However, the interested party shall have an opportunity to provide factual information about the proposed conflict and/or action, policy or transaction. Also, the board may request that the interested party be available to answer questions.
- The disinterested members of the Board of Directors may approve the proposed action, policy or transaction upon finding that it is in the best interests of *NPC*. The board shall consider whether the terms of the proposed action, transaction or policy are fair and reasonable to *NPC* and whether it would be possible, with reasonable effort, to find a more advantageous arrangement with a party or entity that is not an interested party.
- Approval by the disinterested members of the Board of Directors shall be by vote of a majority of directors in attendance at a meeting at which a quorum is present. An interested party shall not be counted for purposes of determining whether a quorum is present, nor for purposes of determining what constitutes a majority vote of directors in attendance.
- The minutes of the meeting shall reflect that the conflict disclosure was made to the board, the vote taken and, where applicable, the abstention from voting and participation by the interested party. Whenever possible, the minutes should frame the decision of the board in such a way that it provides guidance for consideration of future conflict of interest situations.

VI. Documentation

The minutes of the governing board and all committees with board-delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the

financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussion and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

VII. Violations of Conflict of Interest Policy

If the Board of Directors has reason to believe that an interested party has failed to disclose a potential conflict of interest, it shall inform the person of the basis for such belief and allow the person an opportunity to explain the alleged failure to disclose. If the board decides that the interested party has in fact failed to disclose a possible conflict of interest, the board shall take such disciplinary and corrective action as the board shall determine.

NPC Conflict of Interest

Confidential Disclosure Questionnaire

Please complete the questionnaire below, indicating any potential conflicts of interest. If you answer "yes" to any of the questions, provide a written description of the details in the space allowed. Attach additional sheets as needed. Submit your completed form to the NPC executive director.

Financial Interests - A conflict may exist when an NPC director, officer or employee or any of their relatives may directly or indirectly benefit or profit as a result of a decision, policy, transaction or arrangement made by NPC.

During the past 12 months (for each "yes" response, please describe below or on a separate page):

- | | |
|---|-----------|
| 1. Has NPC proposed to contract or contracted to purchase or lease goods, services, or property from you, a relative or a business associate? | Yes
No |
| 2. Are you related to any current or prospective NPC director, officer or employee, or to the supervisor of any NPC employee? | Yes
No |
| 3. Have you, a relative or a business associate been provided with a gift, gratuity or favor of a substantial nature from a person or entity that does business or seeks to do business with NPC? | Yes
No |
| 4. Have you, a relative or business associate been gratuitously provided use of the facilities, property, or services of NPC? | Yes
No |
| 5. Are you, a relative or a business associate in a position to benefit financially from decision, policy, transaction or arrangement made by NPC? | Yes
No |

Other Interests - A conflict may also exist when an NPC officer, director, employee or any of their relatives may obtain a non-financial benefit or advantage that they would not have obtained absent their relationship with NPC, or when their duty or responsibility owed to NPC conflicts with a duty or responsibility owed to some other organization.

During the past twelve months (for each "yes" response, please describe below or on a separate page.):

- | | | |
|----|---|-----------|
| 1. | Did you obtain for yourself or any other person or organization preferential treatment, promotion, recognition or a non-salaried appointment as a consequence of your association with NPC? | Yes
No |
| 2. | Did you make use of confidential information obtained from NPC for your own benefit or for the benefit of any person or organization? | Yes
No |
| 3. | Did you take advantage of an opportunity or enable any person or organization to take advantage of an opportunity that you had reason to believe would be of interest to NPC? | Yes
No |
| 4. | Were you in a position to benefit in a nonfinancial way from a decision, policy, transaction or arrangement made by NPC? | Yes
No |

Other - Describe any other circumstances or relationships you or a relative may have that you believe may assist NPC in protecting its interests and preventing conflicts of interest:

_____	_____	_____
Name	Signature	Date

NPC

Conflict of Interest

Affirmation of Compliance

I have received and carefully read the Conflict of Interest Policy for directors, officers and employees of NPC and have considered the literal expression of the policy as well as its intent. By signing this affirmation of compliance, I hereby affirm that I have read, understand and agree to comply with the NPC Conflict of Interest Policy. I further understand that NPC is a nonprofit organization and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes without personal inurement, other than by salary.

Except as otherwise indicated in the Disclosure Questionnaire and attachments below, I hereby state that neither I nor any relative or business associate has any conflict of interest, financial or otherwise that may be seen as competing with the interests of NPC. Also, neither I nor any of my relatives or business associates benefit from any action, policy or transaction made by NPC in a manner that has not been previously disclosed.

If any situation should arise in the future that I believe may involve me in a conflict of interest, I will promptly and fully disclose the circumstances as appropriate:

- For members of the Board, officers and the executive director: the chair of the Board
- For key administrative employees: the executive director
- For employees directly or indirectly engaged in VA research or education: supervisor and the executive director

I further certify that the information set forth in the Disclosure Questionnaire and attachments, if any, is true and correct to the best of my knowledge, information and belief.

Name (Please print)

Signature

Date

For directors, officers and key employees: Annual reaffirmation

Signature

Date

Signature

Date

Signature

Date